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A Regional Strategic Human Resources Plan
For Hospitals and Health Systems in South and Central Texas

Lieutenant Mark E. Pesnell
United States Coast Guard
Baylor University

A paper in partial fulfillment of
the requirements for the Administrative Residency in
Healthcare Administration.

April 20, 2004

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Abstract

As the baby boom generation ages and advances toward retirement, the healthcare workforce in south central Texas will experience large increases in demand for health services combined with an anticipated smaller workforce. To address these future anticipated stresses on the healthcare workforce, a strategic human resources plan should be adopted. This graduate management project has resulted in analyses of the internal and external environment and a corresponding initial strategic plan for human resources in the region. The plan suggests possible implementation and control strategies necessary for the south central Texas region to use to gain and sustain a competitive advantage in human resources in the healthcare market.

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Introduction

Conditions that Prompted the Study

Bexar County, Texas and the South Central Texas region have periodically experienced workforce shortages in the healthcare industry, and sporadic, piecemeal efforts to address these shortfalls have had some limited success (Fly, 2003). Recruitment efforts directed toward resolving shortages of physicians, physician assistants, nurse practitioners, and registered nurses have led to sufficient numbers of professionals in these fields, but the sporadic and incremental approach to recruitment has resulted in a continual, cyclical human resource dilemma for the region. As one shortage is identified, addressed, and solved, another shortage soon arises to replace it. Hospitals and healthcare systems in Bexar County, Texas and in the South Central Texas region are generally beginning to experience the beginnings, or leading edge, of other occurrences of workforce shortages, and with the anticipated increases in demand due to the aging baby boom generation, problems with workforce shortages are expected to become more critical. These workforce shortages are not currently pervasive throughout all organizations within the regional healthcare environment. In fact, many organizations may not even recognize these shortages as a threat. However, if the current internal and external forces requiring increasingly higher wages and larger benefits packages in order to recruit and retain employees persist, and every indication is that they will, soon these shortages will affect all hospitals and

healthcare organizations within the region. At the point where all organizations feel the tension of the problem, it is too late to adopt a long-term approach. Rather, another short-term fix is adopted. The Executive Board of the Greater San Antonio Hospital Council (2003) has recognized this ongoing problem and has established an objective of drafting a regional strategic plan to address healthcare workforce issues. This is a forward-looking method of addressing regional workforce problems.

The region has historically approached workforce shortages and resolved them one crisis at a time. The absence of a comprehensive, well thought-out analysis of the various internal and external forces at play in human resources can result in reactive recruiting and recurring personnel shortages and surpluses. The South Central Texas region should conduct a thorough analysis of its competitive position within the larger state and national environment, and adopt strategic decision making to address these on-going human capital shortfalls.

In a larger sense, however, the problem of healthcare workforce shortages carries well beyond just the healthcare setting and affects virtually every individual across not only the region, but the state and nation as well. Healthcare workforce shortages can cause denials to or delays in access to healthcare, resulting in a non-intended rationing situation where the sickest get the quickest care and the least sick wait for access. Workforce shortages can result in overworked and over-tasked staff, and often quality suffers as a consequence. Also, costs can increase due to staffing shortages, since an

undersized staff must work longer, overtime hours at higher wages to meet the demands of the sick. Additionally, the costs of recruiting, training, and developing new staff is higher than the costs of retaining sufficient numbers of experienced, trained staff. In short, the problem of staffing belongs not just to healthcare, but to every business and individual that utilizes healthcare throughout the entire country. When healthcare costs rise, quality suffers. When access to care is restricted, for whatever reason, all feel the negative effects.

Problem Statement

Bexar County and the South Central Texas region should approach human resources with a strategic plan that analyzes the region's strengths and weaknesses and internal and external environment so that all workforce needs are addressed in a balanced, considered, and well thought-out fashion. A strategic human resources plan will position the South Central Texas region favorably in the competition for high quality employees, and help ensure that the region attains and sustains a competitive human resource advantage in the larger state and national environment. The failure to utilize an overarching human resource plan will perpetuate the continuous, cyclical, shortage to shortage human capital dilemma in which the region currently finds itself.

Literature Review

A review of the pertinent literature reveals an extensive body of research that supports the development of strategic plans and applying those planning efforts to human resources and

the work to recruit, develop, and retain human capital.

Fundamentally, Hansen (2003) states that strategic planning, in general, pulls an organization together and gives it forward motion. Jacobs and Rapoport (2002) describe human capital as the available inventory of knowledge, skills, and abilities (or talents) of individuals. The actual marriage of strategic management and human resources refers to a broad and comprehensive set of management tasks and activities that are used to maximize organizational effectiveness as specified by an organization's strategic plans and goals (Fried & Johnson, 2001). Thomas (1996) describes human resource strategies as a coordinated set of actions that integrate culture, organization, people, and systems. Goree (2002) called human resources strategy "the collection of plans, programs, and intentions meant to develop the human capability of an organization to meet the future needs of its external and internal environment" (p. 9). Galford (1998) states that human resources has one overriding mission: to attract and keep the best people. It is this key human resource support element in the necessary work of an organization that makes human resources and strategy an inseparable link. The link between human resources and strategic planning is so vital that according to the American Hospital Association Commission on Workforce for Hospitals and Health Systems (2002), a strategic human resource plan is of equal importance to the success of an organization as is sound financial planning. The South Central Texas region's ability to attract the best and brightest employees rests on recognizing

human resources as the key element in attaining and sustaining a competitive advantage, and developing and executing a plan to carry out a systematic strategic vision.

Academic literature in the area of strategic planning as it applies to human resources has several primary recurring themes. The first theme is general information. This theme covers basic, theoretical information. Second, the literature deals, generally, with recruiting and an emphasis on growing a pool of available talent for existing openings within organizations. Third, a considerable body of literature deals with the financial benefits of human resource strategic planning. Fourth, another recurring theme is workload and how adequate human capital can efficiently and accurately be applied to it. Fifth, the theme of retention continually recurs, with an emphasis on why retention is much more efficient than recruiting. Lastly, the actual mechanics of how to strategically plan for human resources growth and retention recurs often. I will address these recurring themes individually.

General Information. Human resources, in any area of industry, is a complex, ever-changing, and multifaceted discipline. Human resources are comprised of many individual people, and this aspect makes human resources the most complex element for healthcare managers (Cameron & Snyder, 1999). Fried and Johnson (2001) state that while human resources has not been given as high a priority as other more tangible components of industry, strong evidence exists that suggests that organizations who progressively manage their human resources in

a strategic management context receive significantly better financial results than organizations that do not. Ginter, Swayne, and Duncan (1998) go further by saying that any organization's ability to have high-performance, committed employees is unquestionably tied to a successfully implemented strategy, and that recruiting and developing individuals are keys to changing and adapting strategic resources. Cameron and Snyder (1999) also state that people are the primary force in any organization.

The Talent Pool. Organizations that have the deepest talent pool have a natural competitive advantage (Brown, Duncan, Harris, & Kelly, 2003). Achieving a deep talent pool could be very difficult, however. The American hospital Association Commission on Workforce for Hospitals and Health Systems (2002) states that hospitals and health systems face shortages across many job classes, and an even more threatening shortage of qualified staff at the same time that demand for healthcare is increasing. Rothwell (2003) estimates that by 2008 there will be twice as many job vacancies as applicants due mostly to retirements rather than any anticipated economic expansion. Thomas (1996) states that there is a very strong likelihood that soon organizations will be attempting to outbid each other for the limited numbers of skilled staff. If Rothwell's and Thomas' predictions are even partially correct, the coming half-decade could see a veritable war for talent between organizations starved for qualified applicants.

There exists the possibility as well that the talent pools may not be consistently deep or shallow. Variations will probably exist across geographic areas and even within professions. Valentine (2000) stresses that there may be oversupplies of physicians, in specialty care for instance, which in turn effect the developments in other health professions. This maldistribution of talent, combined with increasing emphasis on primary care vice specialty care, could cause deep ripples throughout the healthcare industry. Valentine also suggests that there are geographic variations and that not all shortages or overages occur at the same pace or rate.

Financial Benefits. Organizations historically have spent vast sums on human capital with the sole strategy being only what they could afford to spend. In fact, human capital is a crucial source of value. Both employee turnover and high performance employee behavior can serve as leading indicators of financial performance. Human resource professionals should be adding personnel development to their internal short and long-range plans (Brown, Duncan, Harris, & Kelly, 2003) because highly developed employees are generally more productive and presumptively generate more benefit to the financial bottom line. Cameron and Snyder (1999) state that as an asset to an organization, human resources are expected to provide a positive return on investment by their skills, talents, and abilities and their contribution toward increased productivity, and that there is a clear connection between organizations that effectively develop their workforce and that workforce's positive return on

investment. Once finance departments see human capital as a positive return on investment and a cost that can be contained, the organization as a whole begins to see human capital as an area of competitive advantage ("Building a human capital strategy," 2003). Human resource strategies must be incorporated into budgeting and long-range planning to ensure long-range success (Claiter & Wright, 2000). Claiter and Wright also stress that although competitive financial compensation is critical, organizations must shift away from a compensation-only approach to a broad recruitment and retention strategy. This could result in higher non-financial benefits costs, but it could be more effective than purely financial compensation.

Workload Issues. As stated earlier, costs can increase due to staffing shortages, since an undersized staff must work longer, overtime hours at higher wages. Staffing and recruiting plans must be made to ensure that appropriate staffing is matched with actual workload (Claiter & Wright, 2000). Matching workload to workforce, and vice versa, will reduce costs in terms of dollars, but will also reduce long-term costs in terms of lower recruitment and personnel turnover costs.

The overall population is aging, and so, the workforce is aging as well. The American Hospital Association's Commission on Workforce for Hospitals and Health Systems (2002) research shows that the median age of the labor force was 34.8 years in 1978, and is expected to be 40.7 years by 2008. As the workforce ages and baby boomers advance into retirement, workload issues will

become more prevalent with fewer caregivers relative to the numbers of those needing care.

Ginter, Swayne, and Duncan (1998) state that leaders must be in tune with the needs of their staff. As the social forces of the future begin to dramatically affect the demands on the healthcare workforce, leaders must be quick to assess systemic workload-related difficulties and adopt rapid responses to them that will lessen the long-term stresses on potentially over-tasked and overworked staff. In this vein, Shortell and Koluzny (2000) state clearly that management should monitor their organizations closely and initiate strategic interventions to counter threats and conditions that are perceived as harmful to the organizations and its personnel.

Retention Issues. Prusak and Cohen (2001) state that organizations that value human capital display a strong commitment to retention. Retaining employees is a significant cost saver. Cameron and Snyder (1999) illustrate this point by stating generally that until a new employee reaches the productivity level of the incumbent, then the cost of that new employee exceeds that of the incumbent. Although this is a very general statement, it is easy to see how this could be accurate. According to Sigel and Deschenes (2001) recruiting and retention are critical issues, and unless quick action is taken to remedy the situation, the supply of workers will be unable to keep pace with the demand. According to Rothwell (2003), human resource decision makers must adopt more innovative and sophisticated retention strategies, including mentoring, coaching, and phased

retirement management programs. Making retention an even more critical issue is the fact that there are simply not enough graduates in health education to fill existing or anticipated vacancies (American Hospital Association Commission on Workforce for Hospitals and Health Systems, 2002).

How is a strategic human resources plan done? Thomas (1996) addresses the need for a strategic human resources plan by describing it as the best opportunity for organizations to break from the traditional knee-jerk methods of resolving human capital shortages. Thomas further states that there are general tendencies to drift toward single-issue management, but that in order to prevent this reactive, single-issue situation, problems and solutions must be framed within the overall internal environment in order to be solved adequately. Further, Valentine (2000) encourages participatory planning by stressing that it allows for change without the heavy-handed approach of top-down direction. Valentine (2000) also stresses a task force approach to planning.

In order to develop a working strategic plan, Thomas (1996) describes four distinct phases of strategic planning: framework, statement, analysis, and planning. First, Thomas states that in setting frameworks, organizations must address the following key strategic questions: "Where are we now?; Where do we want to be?; and, How do we get there?" (p. 6). These questions must be answered and matched with the human resource skills and initiatives that will be needed to address them.

Secondly, Thomas (1996) suggests that human resources should have its own mission statement that states where the organization is going and how human resources will help it get there. Thomas further states that the human resources team should develop this statement in coordination with organizational management to ensure that it reflects the organization's mission.

Third, conducting a thorough analysis of organizational strengths, weaknesses, opportunities, and threats (SWOT) will help clarify the current status of the human resources team within the context of the external environment (Thomas, 1996). Although this process is external in nature, the analysis phase should also adapt the SWOT to internal activities, as well. In addition, Thomas suggests that a team be established to conduct analysis, and that the analysis phase be an ongoing endeavor, not just a one-time activity.

Last, all the work done to this point should culminate with an actual plan for future actions. This plan for future human resource action marries the human resource functions to organizational missions and visions, and acts as the link between the values of individual employees and corporate values (Thomas, 1996). This plan will specify definitive objectives and timelines for their completion that provide concrete direction to the human resource team. Ultimately, any human resources strategic plan should result in behavior that is consistent with the values of the entire organization and assists it in its success. Rothwell (2003) states that integrating human resource

planning with organizational strategic planning is the key to comprehensive success. According to Goree (2002) a strategic plan will get an organization started, but plan implementation keeps the organization competitive.

Purpose

The purpose of this project is to conduct a thorough study and analysis of the South Central Texas region's strengths, weaknesses, opportunities, and threats, both internally and externally, and to further analyze the environment in which the region operates, and to incorporate those findings into a comprehensive strategic human resources plan that addresses healthcare employees across all disciplines and professions within the region. This project will focus on attaining and keeping a adequate regional workforce. Employee development, while another absolutely critical piece directly related to retention, will not be addressed because of two reasons. First, employee development is more specific to each individual's career goals, and thus is too broad to be adequately addressed in a circumspect regional plan. Secondly, employee development is managed differently across the field of healthcare, partly due to organizational size and the amount of career growth available due to that size, but also due to differences in individual career paths that may or may not lend themselves to advancement or extended career growth within the same institution. It deserves to be said that an individual organization's human resource plan without an employee development piece would be incomplete, so it is recommended that

each individual organization examine the developmental goals of its own unique workforce, and make realistic efforts at including development in those specific plans.

The resultant strategic human resources plan will be provided to, but not necessarily limited to, the Greater San Antonio Hospital Council, the Greater San Antonio Chamber of Commerce, and the Bexar County Judge and Commissioner's Court for their consideration and utilization in making future strategic decisions concerning overall development, provision, expansion, or contraction of healthcare services within the region.

Methods and Procedures

According to Fried and Johnson (2001), the first step in strategic human resources planning is to conduct an analysis of strengths, weaknesses, opportunities, and threats (SWOT). In keeping with this idea, a SWOT analysis was conducted on the entire South Central Texas region in order to analyze the overall environment in which the region's healthcare organizations operate.

As part of a strategic human resources plan, other analyses were necessary in order to gain a complete understanding of all the forces at play in the internal and external environment. As the project progressed, it was monitored for complete information, and adjusted with more, more extensive and detailed analyses as needs dictated. As a result of this on-going monitoring, a strategic position and action evaluation (SPACE), a Porter's analysis, and a threat, opportunities, weaknesses and

strengths, (TOWS) matrix was used to more accurately and thoroughly assess the overall strategic position and strategic alternatives of the region. SWOT data was also used in a matrix format to conduct a Threat, Opportunity, Weakness, and Strength (TOWS) analysis. These analyses were conducted in accordance with the process outlined by Ginter, Swain, and Duncan (1998).

The analyses, both internal and external, were utilized to suggest various strategic alternatives. These alternatives, validated by analyses, offer the south central Texas region options based on direct relationships between strengths, weaknesses, opportunities, and threats, and also to capitalize on the current market and the regions placement within it.

Results

In order for the San Antonio/Bexar County/South Central Texas region to continue to develop into a nationally recognized center for scientific and technological excellence, the region must attract, develop, and retain the absolutely very best individuals in their respective fields, whether they are in the fields of science, healthcare, or other highly technological disciplines. No area can expect to foster and sustain long-term economic growth without a coherent strategy that emphasizes the importance of human capital and commits significant resources in a logical and well-thought out manner to the recruitment, development, and retention of individuals with talents and skill sets necessary for future long-term economic growth.

Personal interviews with various healthcare and public policy leaders in the south central Texas region, conducted in

accordance with Appendix A, outlined the region's internal strengths and weaknesses, and external opportunities and threats, and these findings were utilized to conduct internal environmental analyses.

As a result of this research, Appendix B. contains a strategic human resources plan for the San Antonio/Bexar County/South Central Texas region that provides a basic initial human resources roadmap for the future. Adoption of this plan would begin the process of addressing the future human resources needs of healthcare and other related technological employers in this region. Additionally, this strategic plan addresses methods of attracting human resources from outside the region and also suggest methods of developing resources from within the region by emphasizing education and training in sufficient quantities to meet future demands. The strategic human resources plan further delineates specific actions and options available to regional strategic planners, human resources professionals, and governmental officials in their efforts to gain and sustain a competitive advantage in the area of human resources and human capital. This plan can further be used as the springboard for future efforts to improve recruitment, retention, inter-organizational cooperation, and creation of efficiencies. All of these would be of great importance to organizational managers and strategic planners.

Discussion

It has been said that those who fail to plan, by default, plan to fail. The failure to employ a strategic human resources

plan could result in counter-productive intra- and inter-regional competition for scarce human resources, costly duplicity of recruiting effort and expense, and failure to retain high quality employees by failing to look externally to recognize threats. It is hoped that this initial strategic human resources plan will prevent future failure by helping the South Central Texas region position itself favorably in the competitive market for highly skilled and qualified healthcare employees. In addition, this strategic human resources plan can be adapted to other areas that are of competitive interest to the strategic planners in South Central Texas, and be used to create centers of excellence in other areas of the regional economy. The strategic planning process requires a continued commitment on the part of the strategic planning team in order to keep a plan current and meaningful. The strategic plan drafted as part of this project is but a beginning. The south central Texas region should take this product and continue to adapt and evolve it.

Further discussion of the specific components and analyses of the strategic plan, as well as strategic planning recommendations, are contained in Appendix B.

Conclusions and Recommendations

Although this graduate management project has resulted in an initial strategic human resources plan, the overall strategic planning process suggests that the plan be monitored and adjusted on a periodic basis. As this initial strategic human resources plan is logically revisited and reexamined, it will

become evident that revision, additions, and deletions from the plan are necessary. For this reason, it is recommended that continued research and study into the various dynamic factors affecting human resources in the South Central Texas region be continued and the findings of that analysis be incorporated into the on-going strategic planning process.

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APPENDIX A.

Human Resources SWOT Questionnaire

Organization _____

1. What workforce shortages could this region expect to see in the future?

2. In your opinion, what are the two or three most compelling strengths of the South Central Texas region, in terms of healthcare? _____

3. In your opinion, what are the two or three most compelling weaknesses of the South Central Texas region, in terms of healthcare? _____

4. In your opinion, what are the two or three most compelling opportunities for the South Central Texas region, in terms of healthcare? _____

5. In your opinion, what are the two or three most compelling threats to the South Central Texas region, in terms of healthcare human resources?

APPENDIX B.

A Regional Strategic Human Resources Plan
For Healthcare Organizations in the South Central Texas Region

Lieutenant Mark E. Pesnell
United States Coast Guard
Baylor University

April 20, 2004

Regional Human Resources Strategic Plan

Executive Summary

The south central Texas region stands on the leading edge of a marked shortfall in the number of applicants for vacant positions within the healthcare industry. The reasons for this shortage in qualified applicants are, generally, due to insufficient numbers of graduates from professional education programs combined with the changing demographics of population increases and immigration issues, but also due to the approaching increase in healthcare demand by the baby boom generation. At present, the healthcare workforce in the region is sufficient to meet demands for care, but it must be stressed that this is currently. Forecasts of future increases in demand will far outpace the growth of the future workforce. To mitigate and hopefully avoid the looming crisis of workforce shortages, the south central Texas region should approach human resources from a strategic standpoint. The region should begin working now, with an eye on future healthcare demand and workforce supplies, and develop a strategic human resources plan to address these potential shortfalls in a logical, systematic manner.

An assessment of the healthcare industry of the south central Texas region was completed, however no mission and vision statements were identified since the region has never

before approached the human resources sector from a strategic planning standpoint. A SWOT analysis demonstrates that south central Texas region has strengths and external opportunities that adequately compensate for its weaknesses and external threats. A SPACE analysis reveals that the south central Texas region is in the "conservative quadrant", and the analysis shows that the regional health care market is focused primarily on financial stability, and that human resources are highly competitive in the region. Ideally, industries in the competitive quadrant should protect their competitive products, develop new products, and gain entry into more attractive markets. The implementation of a clear, concise strategic human resources plan, along with strong mission and vision statements, will enable the south central Texas region to move forward in the arena of human resources. A strategic human resources plan will help the region to develop sufficient numbers of highly qualified health care applicants for future vacancies given an increased demand for healthcare due to increasing populations and aging demographics.

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Background

Bexar County, Texas and the South Central Texas region have periodically experienced workforce shortages in the healthcare industry, and sporadic, piecemeal efforts to address these shortfalls have had some limited success (Fly, 2003). Recruitment efforts directed toward resolving shortages of physicians, physician assistants, nurse practitioners, and registered nurses have led to sufficient numbers of professionals in these specific fields, but this sporadic and incremental approach to recruitment has resulted in a continual, cyclical human resource dilemma for the region. As one shortage is identified, addressed, and solved, another shortage arises to replace it. Hospitals and healthcare systems in Bexar County, Texas and in the South Central Texas region are generally beginning to experience the beginnings, or leading edge, of another occurrence of workforce shortages, particularly in allied health and skilled administrative personnel. These workforce shortages are currently non-pervasive within the regional healthcare environment. In fact, many organizations may not even recognize these shortages as a threat. However, if the current internal and external forces requiring increasingly higher wages and larger benefits packages in order to recruit and retain employees persist, and every indication is that they will, soon these shortages will affect all hospitals and healthcare organizations within the region. At the point where all organizations feel the tension of the problem, it is too

late to adopt a long-term approach. Despite another attempt at a short-term fix, this will persist. The Executive Board of the Greater San Antonio Hospital Council (2003) has recognized this ongoing problem and has set an objective of creating a regional strategic plan to address healthcare workforce issues. This is a forward-looking method of addressing regional workforce problems.

The region has historically approached workforce shortages and resolved them one crisis at a time. The absence of a comprehensive, well thought-out analysis of the various internal and external forces at play in human resources can result in reactive, recurring recruiting and personnel shortages and/or surpluses. The South Central Texas region should conduct a thorough analysis of its competitive position within the larger state and national environment, and adopt strategic decision making to address these on-going human capital shortfalls.

In a larger sense, however, the problem of healthcare workforce shortages carries well beyond just the healthcare setting and affects virtually every individual across not only the region, but the state and nation as well. Healthcare workforce shortages can cause denials to or delays in access to healthcare, resulting in a non-intended rationing situation where the most sick get the quickest care, and the least sick wait for access. Workforce shortages can result in overworked and over-tasked staff, and often quality suffers as a consequence. Also, costs can increase due to staffing shortages, since an undersized staff must work longer, overtime hours at

higher wages to meet the demands of the sick. Additionally, the costs of recruiting, training, and developing new staff is higher than the costs of retaining sufficient numbers of experienced, trained staff. In short, the problem of staffing belongs not just to healthcare, but to every business and individual that utilizes healthcare throughout the entire country. When healthcare costs rise, quality suffers. When access to care is restricted, for whatever reason, all consumers of healthcare feel the negative effects.

External Environmental Analysis

The external environment of healthcare in the United States is a complex and varied one. The U. S. healthcare system, if it can be accurately referred to as that, is a diverse combination of for-profit, not-for-profit, and governmental organizations that collectively provide access to care for U. S. citizens. All citizens, despite the ability to pay, have access to emergency care, however primary and other non-emergent care almost entirely depends on third party insurers or the ability to pay. The following paragraphs more specifically analyze this complex environment.

Technology

The increased use of technology in the healthcare industry is having an ever-increasing impact on health services. One of the major reasons health care in the U.S. is so expensive is due

to rapid changes in and patient demands for the best and latest technology. Computer technology is rapidly replacing older sources of information and provides access to information at a patient's fingertips. Internet sites give patients quick, easy information on a multitude of issues. In hospitals, many different databases are being utilized to assist in providing care. Computerized medical records are becoming the norm, and advances continue to be made with patient appointment systems, medical imaging, and bar coding for supplies and medications. All of these technologies and others will continue to facilitate healthcare delivery, promoting increased access and higher quality.

Social

As the United States population continues to increase and the number of Americans that are reaching retirement age and older increases, our country's healthcare system can expect corresponding increases in demand for care. With an aging population, two areas that are very critical to examine are the need for long-term care and pharmaceuticals. Older healthcare consumers will use the increased supply of information available and become more educated patients than those in the past. U.S. healthcare has also seen an increasing amount of litigation due to actual or perceived malpractice, resulting in large increases in malpractice insurance premiums in many parts of the country.

This ultimately results in higher overall cost of health care for everyone involved.

Millions of Americans are uninsured. Treating uninsured patients in the south central Texas hospital facilities has resulted in a large quantity of uncompensated healthcare that may never be paid for due to the absence of a third party payer and the inability of patients to pay. The main weight of this burden falls on public hospitals, but all hospitals bear some uncompensated costs. Ultimately, it is the taxpayer and health insurance policy holder who pays indirectly for the uninsured; taxpayers pay increasingly higher tax bills, and health insurance policy holders pay increasingly higher insurance premiums.

Political/Regulatory

Regulations provide quality control mechanisms to ensure that services are provided in a prescribed manner. Forms of regulation include certification, licensure, and registration requirements for health facilities and providers. Hospitals must be certified by the Joint Commission for the Accreditation of Healthcare Organizations (JCAHO) in order to receive reimbursement from the federal government for care provided to Medicare eligible patients. This regulation places a serious burden on hospitals and creates a major barrier to market entry. JCAHO certification is a must for every inpatient health care

facility, and is increasingly important for all health care organizations because it lends credibility and the perception of higher quality.

Changes in reimbursement rates for Medicare are dynamic and ever changing. Additionally, the federal government is currently aggressively pursuing alleged cases of Medicare fraud throughout the industry. All health care facilities that accept Medicare are vulnerable to such scrutiny, making it a necessity to submit only proper claims for Medicare reimbursement. Otherwise, fines for Medicare fraud can be substantial.

Public policy will drive changes in the delivery of healthcare. Currently, new health policy reform proposals such as prescription drug benefit changes to Medicare are taking a front seat and more changes and reorganization are potentially on the horizon. The idea of universal healthcare coverage is another public policy issue that Americans continue to raise from time to time.

Economic

The healthcare industry is in a continual state of change, with intense focus on efficiency, quality, and maximized utilization to contain costs. At the same time, demand for services, particularly primary care, is increasing. The need for efficiency has caused many health services organizations to engage in mergers, acquisitions, consolidations, and joint

ventures in order to survive. Changes in financing have directly affected the way in which health care is delivered. To control expenditures, managed care type payment systems and continuous review and adoption of best practices are prevalent.

Competitive

There are many competitors in the health care industry, both domestic and international. The major competitors in the south central Texas region are the Methodist Health System, Vanguard Health System, the University Health System, and the federal government. Quality care, patient-oriented service, enhanced cost management and resource utilization are very important components in this market. The components of competition come in many forms, such as brand recognition, growth in patient volumes, expansion of services, selective acquisitions, and developing comprehensive local healthcare networks. The level of capital needed to effectively compete alone serves as a formidable barrier to entry in this market. This limits competition to some extent to those currently in the market place. Only competitors that have a large amount of capital, as well as the ability to assume considerable risk, are able to successfully enter and compete in this area.

One continuing aspect of competition in this region is specialty, or niche, hospitals. Niche hospitals that specialize in orthopedics, cancer, and cardiac care, among other fields,

are powerful competitors in an environment of shrinking reimbursement and escalating costs. These niche providers are capable of marketing themselves to higher reimbursement patients with a general perception of higher quality due to their specialization. This marketing strategy leaves lower reimbursement patients, like trauma and long-term care, to general hospitals. This ability to pick and choose among patients is a tremendous competitive advantage to niche hospitals.

Internal Environmental Analysis

Mission and Value Statements

The south central Texas region has never formulated a health care human resources strategic plan, and consequently has not formulated any mission, vision, or values statements.

Philosophy

The south central Texas region has not yet adopted a philosophy regarding human resources in health care.

Strategy

The south central Texas region has no strategy in place concerning human resources in the health care environment.

General Management

The management of the various healthcare organizations within the south central Texas region is generally strong and stable. The evidence for this statement is offered in the fact

that the various healthcare organizations are, and have been, stable employers and providers of healthcare services to the region for decades. One exception to this situation was the purchase and takeover of the Baptist Health System by Vanguard Health Systems in late 2002. Although this purchase resulted in a generally decentralized management structure from the previous Baptist corporate management structure, the overall direct healthcare employment picture within the system largely remained unchanged.

In terms of human resources, management in the south central Texas region is very competitive. Due to the number of healthcare organizations and the competition that exists between them, the healthcare organizations are very protective of their recruiting and retention strategies, and are somewhat reluctant to share information and cooperate with other competitor organizations within the region.

Finances

Public hospitals within the south central Texas region operate, in part, on revenues raised through property taxes, but also rely on revenues from self-paid care and third party payors. Areas that are home to public hospitals bear the tax burden of supporting them. However, more remote areas without public hospitals often utilize publicly supported metropolitan facilities for high-cost services such as trauma and emergency

care. Thus, a metropolitan public facility actually provides some services to individuals who do not actually pay taxes for receiving them. Generally, public hospitals within the region operate extremely close to the margin, in terms of covering costs.

For-profit hospitals in the south central Texas region fare a bit better in financial terms, primarily due to the number of non-profit facilities, and the relative size of public facilities within the region. This mix allows for-profits to avoid, to some extent, procedures that are low-profit and money-losers. This ability to pick higher reimbursement opportunities is a powerful financial tool that often means the difference between profit and loss for these organizations.

The south central Texas region is somewhat unique nationally due to the heavy presence of federally owned and operated healthcare facilities. There are two Department of Defense medical treatment facilities (MTF), along with several associated satellite medical and dental clinics, and one large Veteran's Administration healthcare facility. Because these facilities are all federally funded, the actual cost to the region is not readily identifiable. The financial benefit is obvious, however, with federal facilities serving approximately 20 percent of the regional population, as well as providing two Level I trauma centers that directly benefit the region by

providing approximately 50% percent of all regional Level I trauma care at no direct cost to the region.

Despite the pressures of low unemployment rates and shortages in certain skilled positions, the region's facilities have managed their labor costs successfully through significant improvements in productivity. Local leadership continually seeks improved utilization, and they have also taken measures to contain personnel costs through the establishment of area wage indexes.

Facilities

The south central Texas region is home to over 40 hospitals of various sizes and missions. The facilities are generally modern and are maintained and equipped with the latest and most advanced technological features. Additionally, the region has numerous for-profit, not-for-profit, and public health clinics and smaller ambulatory facilities.

Information Systems

No standard healthcare information system exists across the entire south central Texas region. Each organization, in keeping with its health system affiliation, selects the information system that enables it to share information with its sister facilities inside and outside the region. Even among government facilities, there are differences. For example, the Veteran's

Administration system is currently incompatible with Department of Defense healthcare information systems.

Evaluation of Strategic Alternatives

SWOT Analysis

An approach that combines both the internal and external environment is a Strengths, Weaknesses, Opportunities and Threat (SWOT) analysis (see Appendix A.). A thorough review of both the internal and external environments provides management with valuable information to help formulate alternative strategies by specifically focusing on each of the four elements. Internal strengths must be protected or enhanced, significant internal weaknesses require either solutions or mitigation of potential harmful impacts, external opportunities indicate future growth options while external threats need to be watched and evaluated for their influence on operations.

A SWOT analysis of the health care industry in the south central Texas region (Appendix A) indicates several key strengths. Most notably among the region's strengths is the unparalleled level of cooperation and collaboration that exists between the key competitors within the region. Despite the obvious competitive barriers that exist between them, the organizations that make up the health care industry in this region share a remarkable spirit of common ground, particularly in times of difficulty.

In keeping with this spirit of cooperation, one of the south central Texas region's strengths is the cooperative Level I trauma initiative known as TRISAT. Under the TRISAT initiative, Level I trauma services are shared between University Hospital in San Antonio and two military medical treatment facilities, the U. S. Air Force's Wilford Hall Medical Center and Brooke Army Medical Center. University Hospital provides approximately 50% of the region's Level I trauma care, and Wilford Hall and Brooke share the remaining 50% equally. This arrangement allows for lower costs for University Hospital - a publicly funded facility - and for significant medical training in trauma care for military medical professionals.

Other important strengths in the region include a strong Hospital Council and an equally strong San Antonio Chamber of Commerce. These two councils provide a strong business leadership base for businesses and health care throughout the region. Additionally, the south central Texas region is home to a campus of the University of Texas Health Science Center, potentially producing a consistent supply of new graduates in the various fields of health care.

The south central Texas region has several weaknesses that they must address in order to move to a regional approach in human resources. Most notable among the region's weaknesses is the region's competitive human resources environment that

tends to perpetuate the status quo and an attitude of institutional parochialism. This competitive environment results in a stove piped human resources dilemma where each organization conducts its own human resources recruiting and retention with no thought or consideration to other organizations' efforts and the unavoidable effects that one organization's actions have upon another. The overall human resources situation cannot be addressed without some level of collaboration and consideration between at least the largest organizations within the region. Where this collaboration and consideration should exist will be addressed later in this plan.

Another notable weakness that the south central Texas region faces is their dependence on federal healthcare, specifically military healthcare, for Level I trauma. Under current arrangements, the region's two military medical facilities, Brooke Army Medical Center and Wilford Hall Medical Center, provide approximately 50% of the Level I trauma care. This is perceived as a weakness due to two factors. First, as hospitals with largely military staffs, both facilities are subject to staff deployments in order to meet U.S. Department of Defense operational commitments worldwide. Secondly, both facilities are subject to review for potential closure or realignment by the Base Realignment and Closure Commission (BRAC). If the BRAC, currently scheduled to convene again in

2005, closes either facility, the region's Level I trauma care could be thrown into chaos. Civilian facilities within the region would be forced into the very expensive and difficult task of providing this service, and local taxpayers would almost certainly be required to foot the considerable expense of this new, essential, requirement. Although local business and political officials have historically, and will in the future, attempt to head off and defuse any potential military medical facility closures, there is certainly no guarantee that efforts along those lines would be successful.

In the area of potential threats to the region's healthcare, the issue of potential BRAC action in 2005 looms large. BRAC action that would close one or both military medical facilities would have large ramifications for regional healthcare, the economy overall, and the region's healthcare workforce. Many military healthcare workers moonlight at civilian hospitals or temporary employment agencies. With a closure, these individuals would almost certainly be redeployed by the U.S. Department of Defense to other military healthcare facilities outside the south central Texas region.

A very significant threat to the south central Texas region, and the nation as a whole, are the increasing healthcare demands of the aging "baby boom" generation. This generation is just beginning to enter into retirement age, and according to

the American Hospital Association (2003) the number of individuals over age 65 is expected to increase 54% by 2020, and those over age 85 are expected to increase 57% by 2020. During this same timeframe, the number of 18 year olds, the future workforce, is expected to grow by only three to five percent. The increasingly "gray" population of the United States will place a heavy burden on the future healthcare workforce in this country, and the south central Texas region is no exception. This threat is precisely the reason that the region should begin strategically planning human resources in healthcare. Without strategic human resources planning the region could easily find itself in human resources difficulties due to the potentially higher volume of healthcare demand by an aging population, combined with a slower-growing or shrinking healthcare workforce.

Despite the presence of threats and weaknesses, there are several potential opportunities that can be explored within the south central Texas region's healthcare environment. First, the opportunity exists for the State of Texas to adopt measures to increase the numbers of graduates in healthcare professions, and further could establish additional campuses of the University of Texas Health Science Center in areas of larger population growth. For instance, the University of Texas Health Science system does not have a campus in the Rio Grande Valley region.

The south central Texas region is home to the University of Texas Health Science Center in San Antonio, currently the closest campus providing professional medical education to the Rio Grande Valley. This draws graduates, trained within the region, away to other regions of the state. Another possible opportunity is for the state of Texas to provide seed funding for other institutions of higher learning to establish medical education programs on existing campuses. This would generate more graduates without the considerable expense to the state of building additional educational infrastructure.

Another possible opportunity concerns the possibility of granting cross-border certification of healthcare professionals. Medical professionals in Mexico currently are not offered any type of reciprocity of certification. Reciprocal certification of Mexican professionals in healthcare could help ease shortages in Texas, particularly along borders areas. Easing shortages in border areas would, potentially, decrease the demands on the workforce within the south central Texas region and result in those members of the workforce remaining and seeking employment within the region.

Lastly, the south central Texas region could explore the opportunity of establishing a regional healthcare human resources strategic task force, and further implementing a continuous strategic human resources plan. This plan could

assist the healthcare organizations within the region in devising interventions to mitigate the effects of current and future workforce shortages.

Service Area Competitor Analysis

The Service Category. Defining the service category is the first step in service area competitor analysis. Since the south central Texas region integrates various services to deliver patient care with maximum quality and efficiency, the applicable service category is healthcare services.

The Service Area. The service area is considered to be the geographic area surrounding the healthcare provider. In this region's case, its service area is quite large. It includes approximately 22 counties in south central Texas ranging from San Marcos in the north, to Jourdanton in the south, and from Victoria in the east to Del Rio in the west.

Service Area Profile. A general service area profile includes key competitively relevant economic, demographic, lifestyle, and community health status indicators. The south central Texas region's hospitals are located in the path of considerable current and anticipated future population growth. The national average for projected population growth for 2000 to 2005 is four and one-half percent. The projected population growth rate for San Antonio, the largest city within the south central Texas region, is nine percent, or double the U. S.

estimate. Numerous studies show that hospital use increases with age. The U.S. population as a whole is aging rapidly as the Baby Boomer generation gets older, and Texas is also reflective of this general aging trend.

Service Area Structure Analysis. The hospital industry in south central Texas, which is part of the healthcare sector, contains nearly 40 hospitals and numerous other related organizations. The number of hospitals and companies in the industry and public demand within the region make competition intense. A Porter's analysis of the service area was completed and is discussed in an upcoming section of this strategic plan

Competitor Analysis. In this step, strengths and weaknesses of competitors are evaluated, and their strategies are characterized. Generally, the competitors outside the south central Texas region are the other adjoining regions in Texas. Most notable among these competitive regions are the regions adjacent to Houston, Dallas/Ft. Worth, El Paso, and the Rio Grande Valley.

The Houston region's strengths include the presence of several large hospitals, teaching hospitals, and several healthcare systems that are situated in urban, suburban, and rural areas that include, generally, the Gulf of Mexico coastal area of Texas. This diverse region has a large, multi-ethnic population. The Houston region has a significant weakness,

however, in that the region currently has no organized hospital council or collaborative organization to offer it advocacy and representation. This lack of organization restricts the region's hospitals ability to speak with one, collective voice.

The Dallas/Ft. Worth region's strengths include the presence of several large hospitals, teaching hospitals, and several healthcare systems that are situated in urban, suburban, and rural areas of rapid population growth. Also, this region has a very well organized and powerful hospital council that represents its member hospitals and healthcare organizations. The Dallas/Ft. Worth region has few weaknesses, in terms of healthcare. However, as is the case in south central Texas, due to its dramatic population growth the region may have difficulty in matching healthcare infrastructure growth with population growth.

The El Paso region possesses the strength of being geographically distant from its competitors and being able to manage many of its own solutions due to its lack of interference from competing regions. Ironically, the El Paso region's strength is, in a way, also its weakness. The region's relative geographic isolation in many ways hinders its ability to attract interest from organizations outside the region, and likewise it is not a significant competitor to south central Texas in terms of human resources.

The Rio Grande region's strength is characterized by one of the highest population growth rates in the entire State of Texas. This population growth is attracting business investment from outside the region, and potentially makes this region an economic tinderbox. However, in terms of healthcare, the Rio Grande Valley is under-developed. The Rio Grande Valley is weak in numbers of healthcare facilities and systems, and more specifically it is weak in producing the number of healthcare professionals it needs due to its population growth. Also, like the Houston region, the Rio Grande region has no organized hospital council.

Map Strategic Groups. Mapping strategic groups helps narrow the focus of investigation. For this broadly defined service category, competitors within the service area are mapped based on each competitor's number of hospitals and healthcare systems and the organizational coordination between these hospitals and systems. Using these criteria, three distinct clusters of strategic groups emerged. Strategic group 1, with a large number of coordinated hospitals and healthcare systems, is Dallas/Ft. Worth. Strategic group 2, with a large number of relatively uncoordinated hospitals and healthcare organizations, and those geographically distant from the south central Texas region, is Houston and the El Paso region. Strategic group 3, with few

hospitals and healthcare systems, is the Rio Grande Valley region.

Synthesize Analyses. In order to be useful for strategy formulation, the general external environmental and service area competitor analyses must be synthesized in order to draw valid conclusions. Key issues among competitors include an aging and growing population coupled with a numerically stagnant workforce, an insufficient number of graduates from professional medical education programs, and mixed cooperation between healthcare organizations within the respective regions. Cost management is a continual focus of all organizations in the hospital industry. Along with effective resource utilization, controlling costs and improving operating efficiencies is clearly essential to survival in this segment of the healthcare industry.

Porter's Analysis

Threat of New Entrants. The threat of new entrants is high due to constant changes in the health care industry. New entrants in this industry are likely to be organizations that have merged or formed alliances with each other, and that had previously existed in the industry as separate entities. Increasingly, the emergence of specialty hospitals is a real and present threat, and has created additional stresses on the already thin health care workforce.

Rivalry Among Existing Organizations. The intensity of the rivalry among existing organizations is moderately high to high. Human resources within this industry are highly competitive due to the marginally adequate supplies of available skilled and professional personnel. Organizations in this region often recruit from one another to meet their needs in human resources.

Threat of Substitute Products. The threat of identical substitutes is low due to the relatively small number of institutions offering professional medical education and training within this region and from institutions in reasonable proximity to this region. The institutions within this region produce enough graduates to meet current needs, but future needs will most probably outpace current graduation supplies. However, alternative services, such as telemedicine and internet-based services may have a workforce diminishing impact in areas such as wellness, prevention, and preventative medicine.

Bargaining Power of Customers. Bargaining power of human resources customers is low in this industry. Customers include hospitals, health care providers, and numerous other entities within the healthcare industry that employ healthcare personnel. Bargaining power of customers is low because of the small numbers of qualified applicants for advertised job vacancies within the health care industry in the south central Texas region. Since there are few applicants, the customers cannot

select among them to choose the best qualified for a position, but often have no alternative other than selecting the only qualified applicant.

Bargaining Power of Suppliers. Suppliers, training programs in health care professions, have moderate to high bargaining power, and that power stands to increase and remain high over time due to the increasingly insufficient numbers of readily available personnel within the industry. One of the most prominent and influential suppliers of human resources in health care is the state commission on higher education. By limiting the number and location of institutions offering professional education in health care fields, the state fosters the growing problems of insufficient supply and uneven distribution of resources.

The key suppliers of human resources in the hospital industry are not only providers of professional medical education. They also include organizations that recruit health care personnel. Hospitals and health care systems actively recruit their own personnel and thus compete with one another for qualified employees. Many companies that recruit personnel from outside the south central Texas region bring considerable bargaining power to negotiations with hospitals for the personnel they represent. It deserves to be added that personnel in fields of acute shortages have a great deal of individual

bargaining power as well.

SPACE Profile

After gaining a complete understanding of the external and internal environments, the Strategic Position and Action Evaluation (SPACE) analysis is conducted to best determine the appropriate strategic posture of an organization (see Appendix B.). A SPACE analysis is based on industry strength, environmental stability, the south central Texas region's competitive advantage, and the region's financial strength.

An overall analysis finds the south central Texas region to be in the conservative quadrant as it pertains to human resources in the health care industry. As such, the analysis shows that the regional health care market is focused primarily on financial stability, and that human resources are highly competitive in the region. Ideally, industries in the competitive quadrant should protect their competitive products, develop new products, and gain entry into more attractive markets. Elements of the SPACE profile are discussed here briefly.

Environmental Stability. Most environmental influences are high with few barriers to new market entrants. The rate of inflation has the potential to negatively affect the region, presumably by driving wages higher and increasing costs for human capital. Health care generally displays a high degree of

stability due to the necessity for health care; however, technological advancement is a continual threat. The demand for high technology emphasizes the competitive nature of the industry and the need to maintain the perception that the region's health care market is on the cutting edge of new innovation.

Industry Strength. Growth potential for the south central Texas region is above average, as is its profit potential. This region's hospitals are located in an area of high population growth. Market entry is attainable, with the current trend toward large group practices and specialty hospitals built with no prior needs justification, resulting in many potential competitors having a realistic chance of entering the regional market. Healthcare organizations across the region, because of falling reimbursement rates and rising competition for patients with good reimbursement potential, constantly examine their efficient resource utilization, which is essential to long-term prosperity.

Competitive Advantage. High quality health care within the south central Texas region is well established, and the region's health care organizations enjoy a large market share and even attract numerous patients from outside the region, notably from the Rio Grande Valley area. Customer loyalty is high, and residents of the region perceive the quality of health care as

high. The region's health care market is mature, but some segments are new and growing. The pace of changes in the healthcare industry will ensure that there are future opportunities for new development.

Financial strength. The healthcare industry within the south central Texas region is not as strong, financially, as it has been in the past. Return on equity is strong, but cash flow is not solid due to changing reimbursement rates. Debt is variable across the industry, but generally organizations are being slightly conservative due to changing cash flow scenarios. The larger players cannot exit from the market easily, but have no desire to exit, generally. There is a tendency across the industry to steer away from low reimbursement/high cost procedures such as trauma and urgent care, and leave those services to publicly funded entities.

TOWS Analysis

A TOWS Analysis involves setting an organizations strengths, weaknesses, opportunities, and threats on a matrix resulting in four distinct quadrants: a survival quadrant, an internal fix-it quadrant, an external fix-it quadrant, and a future quadrant. The various strengths, weaknesses, opportunities, and threats overlap vertically and horizontally onto these quadrants. Appendix C to this strategic plan contains a graphic representation of the TOWS Analysis matrix.

Survival Quadrant. An organization must attempt to minimize both weaknesses and threats, and possibly the most critical area of the TOWS matrix is the survival quadrant, where external threats overlap with the region's weaknesses. The most notable finding in this quadrant would involve the external threat of U.S. Department of Defense (DOD) medical facility closure or realignment combined with the internal weakness of the region's dependence on DOD-provided Level I trauma care. As discussed elsewhere in this plan, this scenario would present grave circumstances in the provision of trauma care in the region. The DOD's decisions concerning potential closures and realignments are largely beyond the control of the region; however the extent to which the region relies on DOD-provided Level I trauma is a weakness that could be firmly addressed. There is considerable awareness of this weakness within the region, and some steps, such as the on-going dialogue between Level I and Level III trauma centers through the regional Critical Care Transfer Coordinating Board (CCTCB), as well as through a more formal academic collaboration between Level I trauma centers with the TRISAT (Trauma Institute of San Antonio, Texas) initiative.

Additionally, the external threat of increasing demand for healthcare by aging baby-boom generation individuals combined with the internal weaknesses of no comprehensive human resources

plan and a regional tendency to avoid change present an increasingly pressing long term situation. The adoption of a strategic human resources plan could help mitigate, in advance, the effects of this scenario.

Internal Fix-it Quadrant. Organizations should attempt to minimize competitively relevant internal weaknesses and maximize external opportunities. The internal fix-it quadrant is where external opportunities overlap with regional weaknesses. The most notable finding in this quadrant is the weakness of no comprehensive human resources plan combined with the external opportunity to increase the number of seats in professional medical education programs. This combination is also directly connected to the opportunity to establish a regional human resources task force. Establishment of a human resources task force could remedy the internal weakness of the lack of a regional human resources data repository and also provide hard evidence to legislators and policy makers that additional funding and seats in professional education programs are necessary to keep pace with future demand.

External Fix-it Quadrant. The external fix-it quadrant is where regional strengths overlap with external threats. Organizations must recognize that they have significant competitively relevant strengths but also that they must deal with external environmental threats. The most notable finding in

this quadrant involves the internal strength of having a Health Science Center campus located within the region combined with the threat of increasing healthcare demands by baby boomers and increasing population. The established regional infrastructure in professional medical education offers the region the ability to provide additional training opportunities without the expense and logistical delays of funding, building, and staffing an entirely new campus. The additional training positions could be allocated based on regional demographics to meet the anticipated healthcare demands of the future.

Future Quadrant. An organization must attempt to maximize its competitive strengths and take advantage of external opportunities. The future quadrant is where the region's strengths and opportunities overlap, and is where action could result in positive future growth. In this quadrant, the strengths of collaboration, organization, a strong Chamber of Commerce, and a strong regional hospital council match up well with the opportunity to establish a regional human resources task force. Given the high degree of regional cooperation, this task force could study regional demographics, compile data, and make solid, fact-based recommendations to local, state, and federal representatives in order to obtain funding and resources to devote to additional professional medical education and training.

Strategic Plan

Directional and Adaptive Strategies

In order to more fully focus on the issues of human resources in the healthcare environment, the south central Texas region should begin organizing on a regional basis by forming a regional human resources task force. As part of this regional organization, the task force should set out and define initial, directional strategies for the group and adopt specific and concise mission, vision, and values statements. Top level regional leadership is necessary to ensure that the aim and purpose of this task force is clearly defined, that the task force's mission and vision are consistent with the anticipated future needs of the region, and that the task force is seen as a high priority organization in assuring the future success of healthcare organizations within the region.

To support its prospective mission and vision, the south central Texas region should adopt an adaptive strategy of enhancement with an eye toward expansion of existing capabilities in healthcare-related job training and professional medical education, as well as partnering with other local entities, such as the Greater San Antonio Chamber of Commerce, to work together on protection of existing military healthcare infrastructure that is so pivotal in the provision of healthcare in south central Texas.

In addition, the region should begin making overtures to the State of Texas concerning cross-border certification with Mexico. This cross-border certification option would open Texas, and particularly borders areas of the state, to new supplies of medical professionals and paraprofessionals that would ease the shortages in the rapidly growing Rio Grande Valley region.

Market Entry Strategies

The south central Texas region should begin their market entry using a strategy of alliance. An alliance, previously referred to as a healthcare human resources task force, could be formed with members across all sectors of the south central Texas region's healthcare industry, primarily from the direct patient care sector. This alliance of healthcare organizations, enabled by their support from regional leadership and focused by concise directional strategies would operate and advocate on behalf of all healthcare organizations within the south central Texas region. This alliance structure already exists in the form of a strong hospital council which could serve as the executive leadership forum for the regional human resources task force.

Additionally, individual healthcare organizations within the south central Texas region whose purpose it is to provide medical education and training should employ the market entry strategy of internal development by improving and/or increasing educational opportunities in medical professions. This internal

development would necessarily need to be coordinated with the regional healthcare human resources task force so that internal developments are not redundant or do not run counter to task force efforts.

Positioning Strategies

Because the south central Texas region should focus on increasing the numbers of available workers in healthcare and medical fields, the most realistic positioning strategy is one of cost leadership. The rationale for this strategy is relatively simple. By establishing leadership in the field of healthcare human resources and operating from a position forward of the anticipated shortages of available healthcare workers, the region can drastically reduce costs by training new employees in present dollars, as well as by saving extra-regional recruiting costs by growing a future workforce at home through strategic human resources planning, implementation, and management.

Operational Strategy - Implementation Plan

Marketing

A well thought out marketing plan will be vital to the success of any healthcare human resources strategic plan. The competitive nature of the healthcare organizations within the region will possibly cause some participants to refuse to cooperate unless a marketing plan can accurately communicate the

actual larger issues to be solved by the human resource strategic initiative. This "what's in it for me" standpoint is understandable in the current competitive environment.

Organizations do not desire to contribute energy and resources to projects that serve no purpose and provide no tangible benefit to them.

A marketing plan that includes an external recruitment aspect is also very important. Despite the potential effectiveness of internal efforts to home-grow the healthcare workforce, it is still desirable to recruit from beyond the region, and in fact from beyond the state and nation, to bring diversity along with the best and brightest minds in the field of healthcare into the south central Texas region.

Information Systems

Since this strategic plan will cover the wide array of healthcare organizations all across the south central Texas region, it is unreasonable to expect that one standard human resources information system could be implemented throughout the region. Also, due to the competitive environment between the organizations in the region a uniform system is almost certainly undesirable. However, the human resources strategic task force should use an agreed upon, standard word processing and spreadsheet suite that is compatible to all participating organizations. This level of detail should, appropriately be

addressed by the human resources strategic task force membership.

Finance

During the planning and implementation of a regional healthcare human resources initiative, it will be necessary for healthcare organizations, non-healthcare businesses, and governmental entities to devote resources and personnel to the task of strategic planning, implementation, and control. The actual, specific finances required to make this commitment to strategic healthcare human resources management is indeterminable at this early juncture, but is dependent on the region's perceptions of urgency in implementation of a strategic plan. It is safe to speculate that the actual costs in planning, implementation, and control will be significantly less per year if the plan is spread over a period of several years vice waiting until the plan is overdue and then devoting large quantities of human and intellectual capital to it all at once.

In the area of funding, with strong regional leadership and an aggressive and comprehensive marketing strategy, each participating regional organization could bear their own costs associated with this project. This type of collaborative funding agreement among participants will reduce unnecessary overhead and help contain costs.

Culture

If there is one single area of implementation of a strategic human resources plan that will require more intensive and sustained effort on the part of the south central Texas region it is in the area of culture. The prevailing culture among healthcare organizations within the region, despite the high degree of cooperation that exists in times of crisis, is one of defense and competition. This climate of defensive competition causes an atmosphere of organizational parochialism and inertia, on a regional level, that results in the continuation of status quo unless leadership can provide the momentum that will take the strategic planning process forward. This cultural challenge can be met and overcome by strong leadership on the part of elected political officials, and by appealing to the professionalism of healthcare leaders across the region. All organizations must be shown and convinced of the benefits of strategic human resources planning in order to make the initiative successful. The degree to which regional leadership can entice healthcare organizations to collaborate on a human resources strategic plan will determine success or failure of this initiative.

In order to entice organizations and effect change to the prevailing culture within the region, leadership must look at the forecasts in population growth and demographics, in

comparison with forecasts of expected workforce size and composition, and make decisions today to begin addressing the anticipated shortfalls in healthcare workforce in the future. Leadership must remain on a forward thinking tack when studying human resources, and communicate clearly the importance of acting now rather than waiting for workforce inadequacies to become critical.

Facilities and Equipment

Decisions regarding specific facilities remain with the parent organizations; however regional leadership and state leadership should consider returning to a more regulatory posture concerning the addition of new healthcare facilities within the region. In some degree, forecasted workforce shortages may be exacerbated by the unregulated construction of additional healthcare facilities without prior study to determine and validate the actual need for additional capacity within the region. For some time now, the decisions in favor of construction of new facilities have been based largely on the willingness of investors to fund new construction and their expectation to obtain a positive return on their investments. The idea that promising investment opportunities alone are sufficient to warrant the construction of additional healthcare facilities is not supported in applicable literature, and is questionable in terms of overall healthcare planning.

Ethics and Social Responsibility

In terms of ethics, establishing a strategic human resources plan does not infringe on any areas of ethical concern. The idea of strategically managing resources does not imply or include any provision that could be interpreted as collusion between employers to fix wages or limit or regulate in some way the supply and demand aspect of employee/employer relationships.

By establishing a strategic human resources plan, the leadership and member healthcare organizations within the south central Texas region would be taking prudent steps to meet their social responsibilities to provide the citizens of the region with access to the highest possible quality of healthcare at the most reasonable cost possible. Failure to address anticipated shortages in healthcare workforce when armed with forecasts of these shortages, conversely, could be interpreted as a failure to meet social responsibilities. No strategic plan is a crystal ball that can accurately predict the future, but a well thought out strategic plan can better position the south central Texas region to meet future conditions that may arise.

Strategic Control

The implementation of a clear, concise regional human resource strategic plan along with a strong mission and vision statement will enable the south central Texas human resources

task force to move forward in the arena of human resources planning. These strong strategic measures will also enable the regional leadership and strategic planners to objectively evaluate each new alternative and accept it or reject it based on its contribution to the overall regional strategic plan. Additionally, the strategic plan allows the region to scrutinize existing programs and initiatives to determine if they are consistent with the region's strategic plans and their overarching mission and vision.

The strategic human resources task force should collect and establish baseline human resources data. This data could include numbers of regional healthcare workforce vacancies, the amounts of time positions remain vacant, and the numbers of qualified applicants for positions. The task force should also collect and track data, such as trends on numbers of openings in healthcare education programs, and attrition rates and numbers of graduates from various training programs. This type of quantitative data could be used to determine effectiveness of strategies, and to determine which strategies should be reinforced, maintained, or eliminated.

The implementation of a strategic human resources task force which will function as the strategic planning team will establish the plan, however the task force should be kept in place as long as leadership deems necessary to continue to

monitor progress and shortcomings and to modify the plan as changing external and internal environmental conditions require it. Leadership should continually monitor the make-up of the task force to ensure that its membership adequately reflects the region's healthcare organizations, and that the members of the task force are functioning together effectively as a team with the best interests of the regional human resources strategic plan in mind.

References

- American Hospital Association Commission on Workforce for Hospitals and Health Systems. (2002, April). *In our hands: How hospital leaders can build a thriving workforce*. [AHA Product No. 210101]. Washington, DC: Author.
- Ginter, Swayne and Duncan. (1998) Strategic Management of Health Care Organizations. Malden, Massachusetts: Blackwell Publishers, Inc.

Appendix A. SWOT Matrix

Strengths:

- A strong local economy
- Strong spirit of cooperation and collaboration between health care organizations
- Strong regional Hospital Council
- Numerous health care employment options within the region
- Unusual partnership with the military health system to provide trauma services
- University of Texas Health Science Center campus located in the region
- Strong regional Chambers of Commerce

Opportunities:

- Regional strategic goal to craft a comprehensive health care human resources strategic plan
- Increasing numbers of seats in professional medical education
- Cross-border certification of Mexican health care employees
- Establishment of a regional human resource task force and strategic planning team
- Improved retention of health care employees through development and pay incentives

Appendix A: SWOT Matrix (Cont.)

Weaknesses:

- No comprehensive health care human resources strategic plan or outlook
- Competitive and defensive competitive between health care employers
- High percentage of jobs in the region are active duty military positions
- Highly dependent on military health care for trauma service
- No regional human resources data repository
- Regional tendency to defend the status quo and avoid change - operational "tunnel vision"
- Health care professions unattractive due to poor quality of work-life issues

Threats:

- Fewer qualified applicants for health care positions due to limited supplies
- Increasing demands for health care workers due to advancing age of "baby boom" population
- Loss of trauma care capabilities due to Department of Defense force structure decisions
- Population growth outpacing the growth in funding for health care education programs

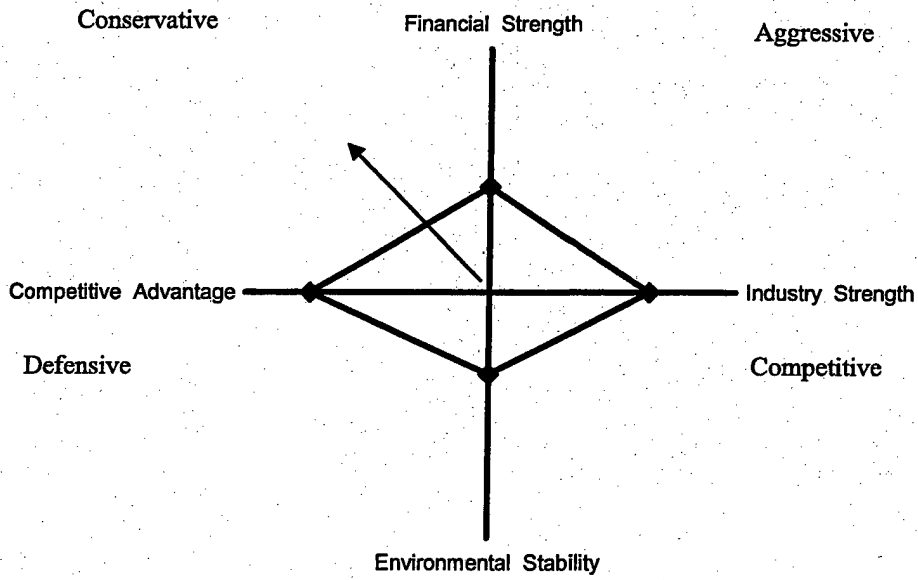
Appendix B: SPACE Profile

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Appendix B: SPACE Profile

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Appendix B: SPACE Profile



Appendix C: TOWS Analysis

<p><u>Internal</u></p>	<p>Strengths</p> <ul style="list-style-type: none"> * Strong spirit of health care organization collaboration and cooperation in region * Strong regional Chambers of Commerce * Strong regional Hospital Council * Regional Health Science Center * Public/military partnership for providing regional trauma care 	<p>Weaknesses</p> <ul style="list-style-type: none"> * No comprehensive health care human resources strategic plan or outlook * Regional tendency to preserve status quo and avoid change/innovation * No regional HR data repository * Dependence on MHS trauma care * Very competitive and defensive health care operational environment
<p><u>External</u></p>	<p>4</p> <p>Future Quadrant</p> <p>Related Diversification Vertical Integration Market Development Product Development Penetration</p>	<p>2</p> <p>Internal Fix-it Quadrant</p> <p>Retrenchment Enhancement Product Development Market Development Related Diversification Vertical Integration</p>
<p>Opportunities</p> <ul style="list-style-type: none"> * Increasing numbers of seats in professional medical education * Cross-border certification of Mexican health care personnel * Establishment of a regional human resources task force and planning cell 	<p>3</p> <p>External Fix-it Quadrant</p> <p>Status Quo Enhancement Product Development Related Diversification Unrelated Diversification</p>	<p>1</p> <p>Survival Quadrant</p> <p>Retrenchment Liquidation Unrelated Diversification Divestiture Harvesting</p>
<p>Threats</p> <ul style="list-style-type: none"> * Fewer qualified applicants for health care positions * Increasing demand for health care by "baby-boom" patients * Loss of trauma care facilities due to DoD force structure decisions * Population growth outpacing the growth of medical education programs 	<p>3</p> <p>External Fix-it Quadrant</p> <p>Status Quo Enhancement Product Development Related Diversification Unrelated Diversification</p>	<p>1</p> <p>Survival Quadrant</p> <p>Retrenchment Liquidation Unrelated Diversification Divestiture Harvesting</p>

Appendix D: Stakeholder Map

